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REPOA Brief

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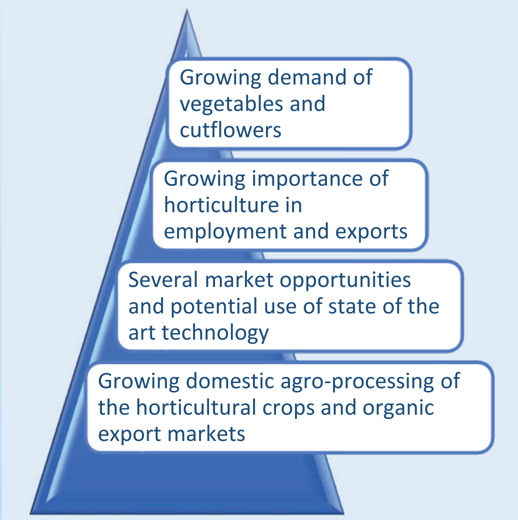
# Building on Productive Capacities in Tanzania-Opportunities and Constraints in the Horticulture Sub-Sector

**By Ahmed Ndyeshobola and Donald Mmari**

## Key messages

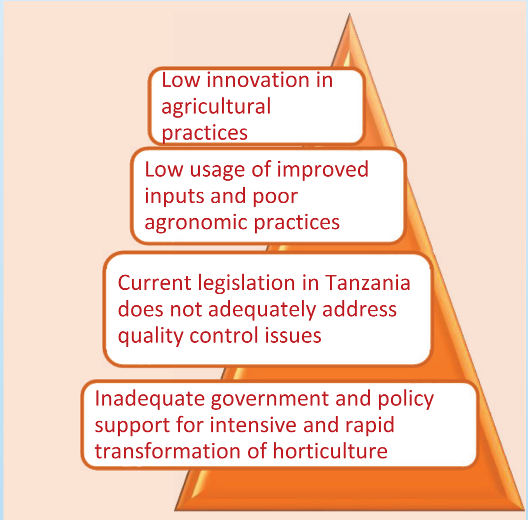
**The Sub-Sector's Growth Opportunities and Challenges**

**Growth Opportunities**




*Source: Compiled by the editors*

**Key Constraints and Challenges**




| | |
|---|---|
| **Objective** | ➢ **To explore the underlying opportunities and constraints for enhancing the expansion of productive capacities in the horticulture sub-sector for industrial and trade expansion.** |

Baseline definitions on productive capacities and productivity growth are drawn from the relevant multilateral agencies:

| **Baseline Definitions – Productive Capacities and Productivity Growth** | |
|---|---|
| **UNCTAD** | Defines productive capacities as *the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop*. |
| ***NEPAD*** | Defines productive capacity as *the ability to produce goods that meet the quality requirements of present markets and to upgrade in order to tap future markets—to ensure a sustainable participation in the new global production system based on production networks*. |
| **World Bank** | Defines productivity growth as *the key driver of sustainable income growth and poverty reduction—the efficiency with which societies combine their people, resources, and tools—and is the central driver of the development process*. |
| **UNIDO** | Defines productivity as *the ability to transform inputs into outputs—a key to poverty reduction as it generates skilled jobs which are sources of income and social participation*. |
| **OECD** | Productivity is considered *a key source of economic growth and competitiveness*. |

## The Significance of the Horticulture Sub-Sector

***Horticulture Sub-Sector***

- The horticultural industry is the fastest growing sub-sector within the agricultural sector in Tanzania, at 8-10% per year, encompassing the production, processing and marketing of fruits, vegetables, seeds, spices, herbs and floriculture;
- It employs 450,000+ small scale farmers including women and youth;
- The main horticultural crops in Tanzania include tomatoes, cabbages, onions, carrots, round potatoes, mangoes, oranges, and floriculture. Export markets also target the high-end produce of these crops, as well as French beans, avocados and floriculture.

Tanzania is among the **20 largest producers of fresh horticultural produce globally**. Therefore, any efforts to boost the horticulture and the underlying productivity enhancement can have positive impact globally.

## Horticulture Crops Production in Tanzania and trends in vegetable production

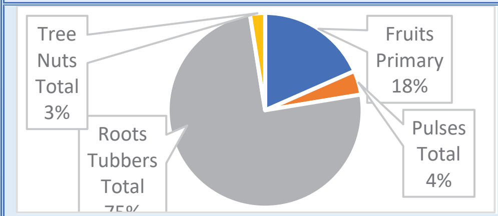
Table 1 shows the distribution of horticultural crops by geography and figure 1 shows the trends in the share of vegetables and fruits as a share of horticultural crops from 1970 to 2021.

**Table 1: Major Growing Regions of Horticulture Crops in Tanzania**

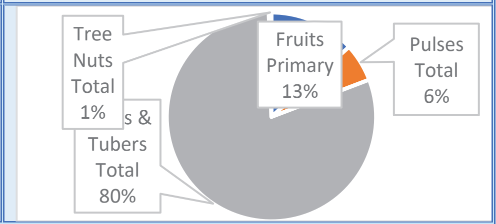
| Regions | Horticulture crops |
|---|---|
| Arusha and Kilimanjaro | Baby corn, French beans, cut flowers, ornamental young plants, herbs, baby carrots, fruits. |
| Morogoro and Tanga | Baby corn, French beans, cut flowers, ornamental young plants, herbs, baby carrots, fruits. |
| Southern Highlands. | Butternut, capsicum, passion fruits, tomatoes, onions, snow peas, corn, carrots &potatoes. |
| Central regions of Dodoma and Singida | Pulses, sweet potatoes, onions, beans, cowpeas, mung beans, field peas, sunflowers, cabbage, tomatoes, spinach, cabbage and chillies. |
| Lindi region | Certified clean seed potatoes and other related crops. |
| Western and Lake zones | Butternut, capsicum, passion fruits, tomatoes, onions, snow peas, corn, carrots & potatoes. |

**Figure 1: Vegetables and Fruits Production in Tanzania, 1970-2021**

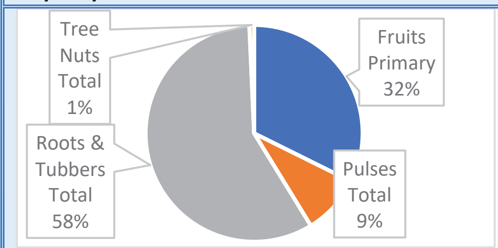
**A: Percentage share of edible vegetables production in 1970-1972; Total quantity—4,880,868 tons**



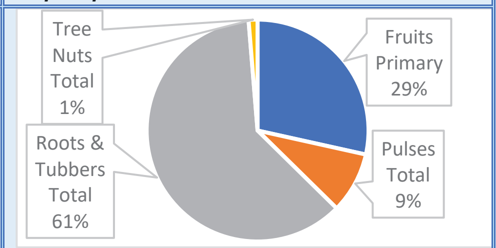

**B: Percentage share of edible vegetables production in 1991-1993; Total quantity—9,787,262 tons**




**C: Percentage share of edible vegetables production in 2009-2011; Total quantity—15,209,651 tons**



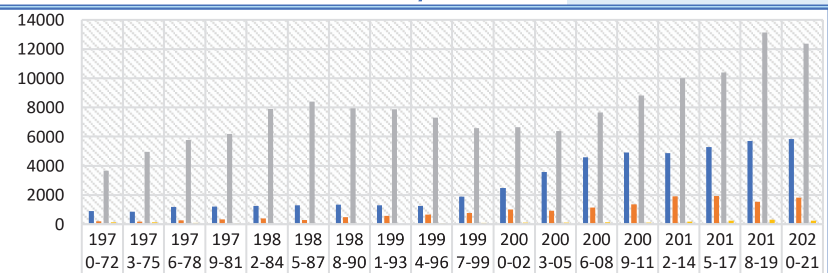

**D: Percentage share of edible vegetables production in 2020; Total quantity—20,305,770 tons**




*Source: Compiled from FAOSTAT 2024*

The National Horticulture Development Strategy and Action Plan 2021-2031 (NHDS & AP) recognizes the low production and productivity as a significant huddle leading to dismal performance of the industry in the domestic, regional and international markets and addresses the Tanzania industrialisation agenda. The NHDS&AP postulates 33 interventions and 115 actions carefully planned to bring an increase in production and productivity to satisfy the domestic consumption growth and contribute to the export expansion of the horticulture products.

**Figure 2: Horticulture Production in Tanzania, 1970-2021**




| | 1970-72 | 1973-75 | 1976-78 | 1979-81 | 1982-84 | 1985-87 | 1988-90 | 1991-93 | 1994-96 | 1997-99 | 2000-02 | 2003-05 | 2006-08 | 2009-11 | 2012-14 | 2015-17 | 2018-19 | 2020-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fruits Primary | 896.6 | 848.3 | 1178 | 1207 | 1251 | 1294 | 1332 | 1301 | 1242 | 1892 | 2480 | 3579 | 4594 | 4920 | 4878 | 5279 | 5702 | 5826 |
| Pulses Total | 195.5 | 183.8 | 268.6 | 334.4 | 396.1 | 289.2 | 491.6 | 578.1 | 665.3 | 771.3 | 1019 | 911.9 | 1140 | 1360 | 1898 | 1932 | 1542 | 1821 |
| Roots & Tubbers Total | 3665 | 4962 | 5767 | 6185 | 7894 | 8389 | 7946 | 7866 | 7292 | 6589 | 6644 | 6386 | 7661 | 8816 | 9992 | 10391 | 13131 | 12359 |
| Tree Nuts Total | 123.6 | 131.6 | 86.2 | 58.8 | 43.1 | 28.8 | 25.3 | 42.7 | 70.4 | 96.2 | 113.4 | 106.1 | 124.5 | 114 | 166.3 | 235.4 | 298.6 | 250.9 |

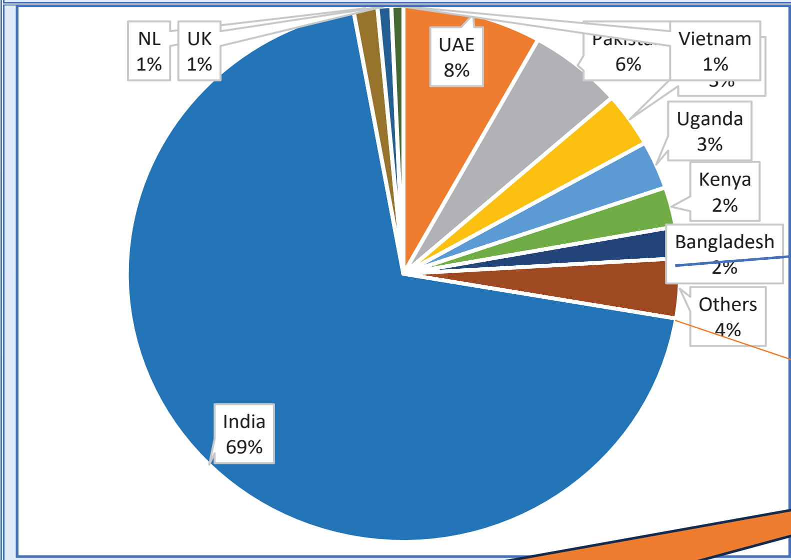
*Source: Compiled from FAOSTAT 2024*

Production of horticultural crops in the country has increased from 4,880,868 tons in 1970-1972 to 20,305,770 tons in 2020. Such increase is due to some advancements in Good Agricultural Practices, including fertilizers use, strengthening fertilizer's Bulk Procurement System, and using modern technologies such as greenhouses, drip irrigation and soilless cultivation (hydroponics) in various parts of the country.

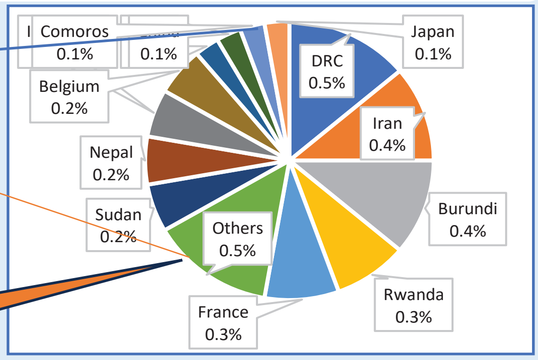
## Participation in the RVCs and the GVCs

Tanzania is increasingly becoming a significant market player in the horticulture value chain. Figure 3 shows the diverse export markets for Tanzania's vegetables, and table 2 shows the respective shares in the regional and global value chains. Figure 4 shows the diversity of cut flower export destinations.

**Figure 3: Tanzania's Vegetables Export Markets for the period 2017-2021; total value of US$ 912.7 Million (for 5 Yrs).**




**Main export markets (%age of exports & number of countries):**
1. Asia 73%, 11countries
2. Middle East 14%, 8 countries
3. EAC 6%, 6 countries
4. SADC 3.16%, 7 countries
5. EU+UK 3%, 9 countries
6. USA+ 1%, 2 countries




**Other 20 edible vegetable importers from Tanzania are**: Oman (0.09%), Malawi (0.09%), Singapore (0.07%), Malaysia (0.07%), Portugal (0.05%), Canada (0.04%), Qatar (0.03%), Philippines (0.02%), Mozambique (0.02%), Russia (0.02%), Yemen (0.02%), S. Arabia (0.02%), S. Sudan (0.02%), Thailand (0.02%), Poland (0.02%), USA (0.02%), Germany (0.01%), Zambia (0.01%), Norway (0.01%), Angola (0.01%).

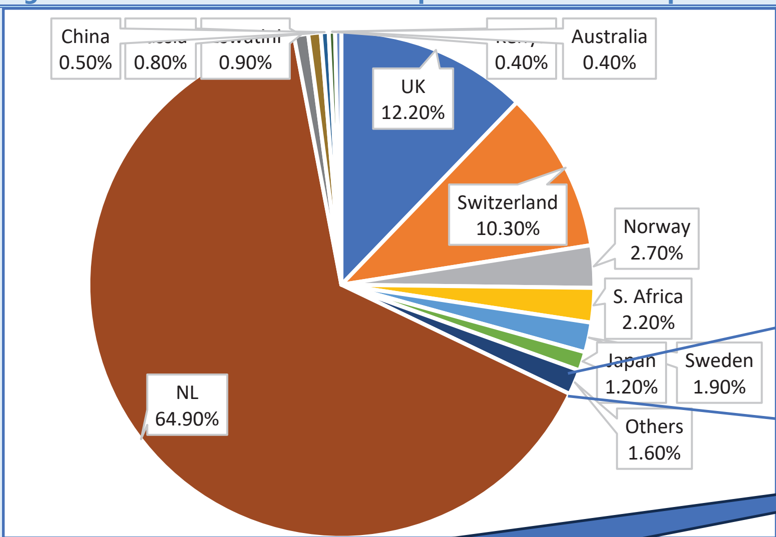
**Other minor edible vegetables importers from Tanzania are**: Iraq, Switzerland, Italy, Spain, Turkey, Botswana, Sweden, Australia, Bahamas, Bulgaria, Carbo Verde, Sri Lanka, Hungary, Iceland, Ireland, Kuwait, Mauritius, Zimbabwe, Ukraine.

*Source: Compiled from the International Trade Centre trade statistics, 2023.*

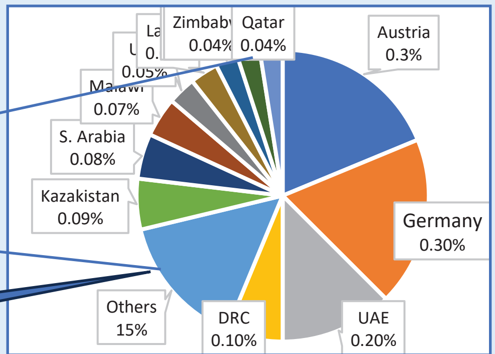
## Table 2: Vegetables and Horticulture's Participation in RVCs and GVCs.

| VEGETABLES | | CUT FLOWERS | |
|---|---|---|---|
| **RVCs at 9.16%** | EAC at 6% of total vegetables exports | **RVCs** at 3.81% | SADC at 3.28% of total cut flower exports; |
| | SADC at 3.16% of total vegetable exports. | | EAC at 0.53% of total cut flower exports. |
| **GVCs** at 90.84% | Asia at 73% of total vegetable exports; | **GVCs** at 94.82% | Europe at 93.5% of total cut flower exports; |
| | Middle East at 14% of total vegetable exports; | | Asia at 1.0% of total cut flower exports; |
| | Europe at 3% of total vegetable exports; | | Middle East at 0.32% of total cut flower exports. |
| | N. America at 1% of total vegetable oil exports. | | |

**Figure 4: Tanzania's Cut Flowers Export Markets for the period 2015-2022; total value of US$ 85.6 Million (for 9 Years).**




**Main export markets (%age of exports & number of countries):**
1. Europe 93.5%, 16 countries; 2. SADC 3.3%, 7 countries
3. Asia 1.0%, 5 countries; 4. EAC 0.53%, 3 countries
5. Middle East 0.32%. 3 countries.




**Other 20 cut flower importers from Tanzania are**: Belgium (0.03%), Uganda (0.03%), France (0.03%), Ukraine (0.02%), Oman (0.01%), Denmark (0.009%), Thailand (0.006%), Mozambique (0.007%), Bahrain (0.005%), Italy (0.005%), Congo (0.004%), Korea (0.004%).

**Other minor cut flower importers from Tanzania are**: Spain, Ghana, Pakistan, Zambia, Bosnia & Herzegovina, Czech Republic, Hong Kong, Ireland, Guatemala, Mauritius, Senegal.

*Source: Compiled from the International Trade Centre trade statistics, 2023.*

## Growth Opportunities and Challenges

While horticulture sub-sector presents enormous opportunities and is already a growing fact, there are still some challenges that requires attention. These are summarized in tables 3.1 and 3.2, respectively.

| Table 3.1: Opportunities for Growth in Productive Capacities in the Horticulture sub-sector | |
|---|---|
| 1. Production of raw horticulture | Abundant availability of suitable land for expansion of horticulture production; |
| | Favourable and outstanding climatic conditions for growing flowers; |
| 2. Processing of products | The established industrial base to produce supporting equipment and food parks to incentivize green-field projects; e.g., packaging industry, medicinal value, cosmetics, etc.; |
| 3. Modernization of technology | Progressive modernization of technology in the key factories and farms; |
| | Opportunities for building good infrastructure (roads, electricity); |
| 4. Global marketing | High international market demand for organic horticultural produce; |
| 5. The workforce | Progressive strengthening of capacity to train all workforce including women and youth. |

| Table 3.2: Key Productivity Challenges and Constraints facing the Horticulture sub-sector | |
|---|---|
| a. Low innovation practices | Small and weak production base, low productivity, fragmented sector, and challenges related to access, cost of seeds, fertiliser, labour and land; and inadequate research and training; |
| b. Logistical constraints | Underdeveloped infrastructure to support mass production, processing, transportation and marketing (e.g. cold facilities.) – leading to product deterioration; |
| c. Standards | Quality and certification issues constitute one of the major institutional bottlenecks; |
| d. Lack of Finance | Inaccessibility to finance and credit facilities, particularly by SME producers; |
| f. Manpower | Lack of skilled workforce paralleled by high costs of training. |

## Conclusion and Policy Recommendations

To address the constraints identified above, required actions include the following sets of actions and policy reforms:

| | |
|---|---|
| Production and Market Development | •Expand investments in horticulture and diversify export products and markets;<br>•Embrace the adoption of GLOBAL GAP to increase competitiveness of the industry. |
| Logistics and Transport | •Strengthen the capacities of ports and airports to provide services for horticulture exports;<br>•Improve transportation and logistics facilities along the main Export Corridors. |
| Quality Processing | •Promote the adoption of standards and reduction of the initial costs of compliance;<br>•Strengthen the quality trainings being provided by TAHA, AVRDC, SOA, Tengeru-Horticulture. |
| Policy Reforms | •Provide targeted production and export incentives that reward good performance *inter alia*, tax breaks to support innovation, productivity and sustainability, training on standards. |
| Research Capacity | •Develop research capacity in floriculture by improving financial and human resources;<br>•Create incentives for 'hortipreneurs' to invest in research and innovation. |

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